

Message Text

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TO AMEMBASSY GUATEMALA

AMEMBASSY MEXICO

AMEMBASSY BUENOS AIRES

AMEMBASSY OTTAWA

AMEMBASSY BRASILIA

AMEMBASSY MADRID

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USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, EC, MX, BR, AR, CA, GT

SUBJECT: U.S. IMPORT DUTY ON HONEY TO REMAIN AT PRESENT
LEVEL-- PRESIDENT DETERMINES INCREASE IN DUTY NOT IN THE
NATIONAL ECONOMIC INTEREST

REF: STATE 162671, GUATEMALA 5276

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1. FOLLOWING IS TEXT OF PRESS RELEASE ISSUED BY THE OFFICE

OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS,
DATED AUGUST 28, ANNOUNCING THE DISPOSITION OF THE U.S.
INTERNATIONAL TRADE COMMISSION (USITC) REPORT TO THE
PRESIDENT REGARDING THE EFFECTS OF IMPORTS OF HONEY:
BEGIN TEXT:

PRESIDENT FORD HAS DETERMINED THAT AN INCREASE IN THE DUTY
ON HONEY IMPORTS IS NOT IN THE NATIONAL ECONOMIC INTEREST,
AMBASSADOR FREDERICK B. DENT, THE PRESIDENT'S SPECIAL
REPRESENTATIVE FOR TRADE NEGOTIATIONS ANNOUNCED TODAY.
THE PRESIDENT, HOWEVER, IS ORDERING THE SECRETARY OF
AGRICULTURE TO INITIATE ADDITIONAL RESEARCH ON THE
IMPORTANCE OF POLLINATION TO U.S. AGRICULTURE AND
CONSUMERS.

THE PRESIDENT'S DECISION FOLLOWS A JUNE 29, 1976 FINDING
BY THE USITC, IN A 3-2 VOTE, THAT INCREASED IMPORTS ARE
A SUBSTANTIAL CAUSE OF A THREAT OF SERIOUS INJURY TO THE
DOMESTIC INDUSTRY ENGAGED IN THE COMMERCIAL PRODUCTION
AND EXTRACTION OF HONEY.

THE CASE WAS EXAMINED IN THE INTERAGENCY TRADE ORGANIZA-
TION WHICH RECOMMENDED THAT A TARIFF RATE QUOTA OVER A
FIVE-YEAR PERIOD WOULD BE INCONSISTENT WITH THE NATIONAL
ECONOMIC INTEREST.

DOMESTIC PRODUCTION, VALUED AT ABOUT \$100 MILLION, HAS,
LIKE IMPORTS, SHOWN LARGE YEAR TO YEAR VARIATIONS. IN
1971, THERE WAS A SHORT CROP OF 197 MILLION POUNDS,
RISING TO 214 MILLION POUNDS IN 1972. IN 1973,
THERE WAS A BUMPER CROP OF 238 MILLION POUNDS FOLLOWED
BY TWO SHORT CROPS IN 1974 AND 1975 OF 185 MILLION AND
196 MILLION POUNDS, RESPECTIVELY. ANOTHER SHORT CROP
IS FORECAST FOR 1976, ALMOST 50 MILLION POUNDS BELOW
1973. ABOUT 40 PERCENT OF THE TOTAL IS ACCOUNTED FOR
BY HOBBYISTS AND SIDELINERS.

THE PROBLEMS FACED BY COMMERCIAL HONEY PRODUCERS INCLUDE
SEVERAL IMPORTANT FACTORS OTHER THAN IMPORTS, NOTABLY
LIMITED YIELDS DUE TO A DECLINE IN GOOD PASTURAGE,
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PESTICIDES, ADVERSE WEATHER, AVAILABILITY OF NECTAR
SOURCES AND CHANGES IN CROPPING PRACTICES. INDUSTRIAL
DEMAND FOR HONEY HAS ALSO FALLEN SHARPLY DUE TO
SUBSTITUTES.

THE USITC REPORT ALSO SHOWED THAT PRICES HAVE RISEN
SUBSTANTIALLY BETWEEN 1970-1975. THE WHOLESALE PRICE
RECEIVED BY PRODUCERS FOR A POUND OF EXTRACTED HONEY

ROSE FROM 13.5 CENTS TO 47.8 CENTS WHILE THE AVERAGE
RETAIL PRICE PAID BY CONSUMERS ROSE FROM 32.1 TO 71 CENTS.
TARIFF RELIEF WOULD BE INCONSISTENT WITH THE NATION'S
EFFORTS TO REDUCE INFLATION.

THERE IS NO EVIDENCE OF SIGNIFICANT IDLING OF PRODUCTIVE
FACILITIES, AND EMPLOYMENT HAS RISEN. COMMERCIAL
EMPLOYMENT IS ESTIMATED TO INVOLVE 10,000 WORKERS
ALTHOUGH 218,000 PART-TIME WORKERS AND HOBBYISTS ARE
INVOLVED IN HONEY PRODUCTION. OVERALL PROFITS HAVE MORE
THAN DOUBLED IN THE PAST FIVE YEARS.

IMPORTS OF HONEY INTO THE U.S. HAVE INCREASED AND
DECLINED ERRATICALLY, WITH IMPORTS INCREASING WHENEVER
DOMESTIC PRODUCTION IS NOT SUFFICIENT TO MEET CONSUMPTION
NEEDS. IN 1971, IMPORTS AMOUNTED TO 11.4 MILLION POUNDS
AND ROSE TO AN UNPRECEDENTED 39 MILLION POUNDS IN 1972.
WITH STRONG DOMESTIC PRODUCTION BOLSTERING U.S. TOTAL
SUPPLY, IMPORTS DROPPED TO 11 MILLION POUNDS IN 1973,

BUT ROSE AGAIN AS U.S. PRODUCTION DECLINED IN 1974 AND
1975, WITH IMPORTS REACHING 46 MILLION POUNDS VALUED
AT \$16.2 MILLION IN 1975. IMPORTS CONTINUED TO RISE
IN THE FIRST HALF OF 1976 DUE TO THE ANTICIPATION OF A
SHORT U.S. CROP AND THE POSSIBILITY OF A DUTY INCREASE.

IN SEEKING IMPORT RELIEF, PRODUCERS STRESSED THE ROLE
PLAYED BY HONEY BEES IN THE POLLINATION OF CERTAIN U.S.
CROPS. ALTHOUGH THE COMMERCIAL HONEY BEE COLONIES HAVE
INCREASED, THE TOTAL NUMBER OF BEE COLONIES HAS DECREASED
OVER THE PAST THREE DECADES. THIS TREND, HOWEVER, IS
DUE TO FACTORS OTHER THAN IMPORTS. IN VIEW OF THE
INTEREST EXPRESSED IN POLLINATION, THE PRESIDENT IS
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ASKING THE SECRETARY OF AGRICULTURE TO INITIATE
ADDITIONAL RESEARCH ON THE IMPORTANCE OF POLLINATION TO
U.S. AGRICULTURE AND CONSUMERS.

ADJUSTMENT ASSISTANCE IS AVAILABLE TO WORKERS AND FIRMS
WHO ARE INJURED BY IMPORTS PROVIDING THEY MEET THE
CRITERIA ESTABLISHED UNDER THE TRADE ACT OF 1974. END TEXT

2. ACTION REQUESTED. U.S. MISSION OECD PARIS INFORM
OECD SECRETARIAT. U.S. MISSION GENEVA NOTIFY THE GATT
SECRETARIAT REQUESTING THAT THE CITED TEXT BE CIRCULATED
FOR THE INFORMATION OF THE CONTRACTING PARTIES. KISSINGER

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